

AMENDED IN SENATE JUNE 13, 2002
AMENDED IN SENATE MAY 14, 2002
AMENDED IN SENATE APRIL 23, 2002
AMENDED IN SENATE APRIL 1, 2002
AMENDED IN SENATE MARCH 21, 2002

SENATE BILL

No. 1236

Introduced by Senator Alarcon
(Coauthor: Assembly Member Alquist)

January 7, 2002

An act to amend Sections 11550, 11552, 12800, and 12803 of, to add Section 12813 to, and to add Part 8.5 (commencing with Section 15550) to Division 3 of Title 2 of, the Government Code, to amend Sections 50 and 1141 of, and to add Sections 18.5 and 19.5 to, the Labor Code, and to amend Section 301 of the Unemployment Insurance Code, relating to governmental reorganization.

LEGISLATIVE COUNSEL'S DIGEST

SB 1236, as amended, Alarcon. Labor and Workforce Development Agency.

(1) Existing law does not provide for the establishment of a Labor and Workforce Development Agency in state government.

This bill would create a Labor and Workforce Development Agency in state government consisting of the Department of Industrial Relations, the Employment Development Department, the Agricultural Labor Relations Board, and the Workforce Investment Board. The agency would be under the supervision of the Secretary of Labor and

Workforce Development who would be appointed by the Governor, subject to confirmation by the Senate. The bill would ~~declare the intent of the Legislature~~ *specify* that funding for the new agency be achieved from reallocation of existing resources currently allocated to the various entities that would form the agency, ~~except~~ *but would provide* that no funds ~~shall~~ *may* be provided by the Agricultural Labor Relations Board. *It would also specify that no appropriation of new General Fund moneys would be permitted to implement the bill.*

(2) Existing law provides for the Director of Industrial Relations to receive an annual salary of \$91,054, as adjusted.

This bill instead would provide for the director to receive an annual salary of \$85,402, as adjusted.

(3) This bill would make conforming changes and other related changes in governmental reorganization of state agencies.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. It is in the public interest to create a Labor and
- 2 Workforce Development Agency, and to appoint a secretary and
- 3 other officers of this agency, because the creation of this agency,
- 4 appointment of these officers, and the corresponding
- 5 reorganization of other agencies, will do all of the following:
- 6 (a) Simplify, strengthen, and improve the operation and
- 7 management of programs that protect and provide services to
- 8 California's workers and employers.
- 9 (b) Eliminate duplication, achieve cost efficiencies, and
- 10 promote accountability and program access.
- 11 (c) Allow the state to marshal its resources to systematically
- 12 match worker training programs with regional labor market needs
- 13 to create skilled, middle-class jobs that offer a secure future to
- 14 Californians.
- 15 (d) Create a primary point of accountability for the
- 16 administration and the Legislature to measure the success and the
- 17 needs of the workforce investment system.
- 18 (e) Ensure that there is a cabinet-level voice for
- 19 workforce-related issues raised for the Governor's consideration
- 20 and decision.

1 (f) More closely coordinate enforcement activities so the
2 Employment Development Department can capture lost revenue
3 from the underground economy while the Department of
4 Industrial Relations protects workers exploited in the underground
5 economy.

6 (g) Coordinate and manage information and data on the
7 workforce and economy with a partnership between the
8 Department of Industrial Relations Division of Labor Statistics
9 and Research and the Employment Development Department
10 Labor Market Information Division.

11 (h) Build on the successful One-Stop Taxpayer Service Centers
12 operated by the Employment Development Department, the
13 Franchise Tax Board, and the Board of Equalization by adding
14 services for employers and workers, including information on
15 workers' compensation, labor standards, safe working conditions,
16 and job training opportunities.

17 (i) Consolidate service points throughout California for the
18 Employment Development Department, Department of Industrial
19 Relations, and the Agricultural Labor Relations Board.

20 (j) Coordinate the apprenticeship programs in the Department
21 of Industrial Relations with the employment and training
22 programs at the Employment Development Department to meet
23 the growing need and demand for skilled trade and craft workers.

24 (k) Strengthen protection for sick or injured California workers
25 by closer cooperation between the disability insurance program at
26 *the* Employment Development Department and the workers'
27 compensation program at *the* Department of Industrial Relations.

28 SEC. 2. (a) It is the intent of the Legislature in enacting this
29 act that the reorganization plan provided for in this act does not
30 transfer any functions to or from the Agricultural Labor Relations
31 Board, the California Workforce Investment Board, California
32 Apprenticeship Council, California Occupational Safety and
33 Health Appeals Board, Occupational Safety and Health Standards
34 Board, Commission on Health and Safety and Workers'
35 Compensation, Industrial Medical Council, Industrial Welfare
36 Commission, Workers' Compensation Appeals Board, State
37 Compensation Insurance Fund, Employment Development
38 Department, California Unemployment Insurance Appeals Board,
39 and Employment Training Panel.

(b) It is the intent of the Legislature in enacting this act that, in order to effectuate the reorganization plan provided for in this act, and pursuant to subdivisions (c), (d), and (e) of Section 12080.3 of the Government Code, all of the following related to any governmental entity that become a part of the Labor and Workforce Development Agency as a result of this plan shall be transferred to, and be under the jurisdiction of, the Labor and Workforce Development Agency:

- (1) State civil service employees.
- (2) Personnel records and property.
- (3) Unexpended balances of appropriations and of other funds available for use.

~~(c) It is the intent of the Legislature in enacting this act that funding for the new agency be achieved through reallocation of existing resources currently allocated to the various entities that would form the agency, except that no funds would be provided by the Agricultural Relations Board.~~

~~(d) It is the intent of the Legislature in enacting this act that no new expenditure of General Fund moneys be provided under this act.~~

SEC. 3. Section 11550 of the Government Code is amended to read:

11550. Effective January 1, 1988, an annual salary of ninety-one thousand fifty-four dollars (\$91,054) shall be paid to each of the following:

- (a) Director of Finance.
- (b) Secretary of Business, Transportation and Housing.
- (c) Secretary of Resources.
- (d) Secretary of Health and Human Services.
- (e) Secretary of State and Consumer Services.
- (f) Commissioner of the California Highway Patrol.
- (g) Secretary of the Youth and Adult Correctional Agency.
- (h) Secretary of Food and Agriculture.
- (i) Secretary of Technology, Trade, and Commerce .
- (j) Secretary of Veterans Affairs.
- (k) Secretary of Labor and Workforce Development.

The annual compensation provided by this section shall be increased in any fiscal year in which a general salary increase is provided for state employees. The amount of the increase provided by this section shall be comparable to, but shall not exceed, the

percentage of the general salary increases provided for state employees during that fiscal year.

SEC. 4. Section 11552 of the Government Code is amended to read:

11552. Effective January 1, 1988, an annual salary of eighty-five thousand four hundred two dollars (\$85,402) shall be paid to each of the following:

- (a) Commissioner of Financial Institutions.
- (b) Commissioner of Corporations.
- (c) Insurance Commissioner.
- (d) Director of Transportation.
- (e) Real Estate Commissioner.
- (f) Director of Social Services.
- (g) Director of Water Resources.
- (h) Director of Corrections.
- (i) Director of General Services.
- (j) Director of Motor Vehicles.
- (k) Director of the Youth Authority.
- (l) Executive Officer of the Franchise Tax Board.
- (m) Director of Employment Development.
- (n) Director of Alcoholic Beverage Control.
- (o) Director of Housing and Community Development.
- (p) Director of Alcohol and Drug Abuse.
- (q) Director of the Office of Statewide Health Planning and Development.
- (r) Director of the Department of Personnel Administration.
- (s) Chairperson and Member of the Board of Equalization.
- (t) Secretary of Technology, Trade, and Commerce.
- (u) State Director of Health Services.
- (v) Director of Mental Health.
- (w) Director of Developmental Services.
- (x) State Public Defender.
- (y) Director of the California State Lottery.
- (z) Director of Fish and Game.
- (aa) Director of Parks and Recreation.
- (ab) Director of Rehabilitation.
- (ac) Director of Veterans Affairs.
- (ad) Director of Consumer Affairs.
- (ae) Director of Forestry and Fire Protection.

1 (af) The Inspector General pursuant to Section 6125 of the
2 Penal Code.

3 (ag) Director of Child Support Services.

4 (ah) Director of Industrial Relations.

5 The annual compensation provided by this section shall be
6 increased in any fiscal year in which a general salary increase is
7 provided for state employees. The amount of the increase provided
8 by this section shall be comparable to, but shall not exceed, the
9 percentage of the general salary increases provided for state
10 employees during that fiscal year.

11 SEC. 5. Section 12800 of the Government Code is amended
12 to read:

13 12800. There are in the state government the following
14 agencies: State and Consumer Services; Business, Transportation
15 and Housing; California Environmental Protection; California
16 Health and Human Services; Labor and Workforce Development;
17 Resources; Technology, Trade, and Commerce; and Youth and
18 Adult Correctional.

19 Whenever the term “Agriculture and Services Agency”
20 appears in any law, it means the “State and Consumer Services
21 Agency,” and whenever the term “Secretary of Agriculture and
22 Services Agency” appears in any law, it means the “Secretary of
23 State and Consumer Services.”

24 Whenever the term “Business and Transportation Agency”
25 appears in any law, it means the “Business, Transportation and
26 Housing Agency,” and whenever the term “Secretary of the
27 Business and Transportation Agency” appears in any law, it means
28 the “Secretary of Business, Transportation and Housing.”

29 Whenever the term “Health and Welfare Agency” appears in
30 any law, it means the “California Health and Human Services
31 Agency,” and whenever the term “Secretary of the Health and
32 Welfare Agency” appears in any law, it means the “Secretary of
33 California Health and Human Services .”

34 SEC. 6. Section 12803 of the Government Code is amended
35 to read:

36 12803. (a) The California Health and Human Services
37 Agency consists of the following departments: Health Services;
38 Mental Health; Developmental Services; Social Services; Alcohol
39 and Drug Abuse; Aging; Rehabilitation; and Community Services
40 and Development.

(b) The agency also includes the Office of Statewide Health Planning and Development and the State Council on Developmental Disabilities.

(c) The Department of Child Support Services is hereby created within the agency commencing January 1, 2000, and shall be the single organizational unit designated as the state's Title IV-D agency with the responsibility for administering the state plan and providing services relating to the establishment of paternity or the establishment, modification, or enforcement of child support obligations as required by Section 654 of Title 42 of the United States Code. State plan functions shall be performed by other agencies as required by law, by delegation of the department, or by cooperative agreements.

SEC. 7. Section 12813 is added to the Government Code, to read:

12813. The Labor and Workforce Development Agency consists of the following:

(a) Office of the Secretary of Labor and Workforce Development.

(b) Agricultural Labor Relations Board.

(c) California Workforce Investment Board.

(d) Department of Industrial Relations, including the California Apprenticeship Council, California Occupational Safety and Health Appeals Board, California Occupational Safety and Health Standards Board, Commission on Health and Safety and Workers' Compensation, Industrial Medical Council, Industrial Welfare Commission, State Compensation Insurance Fund, and Workers' Compensation Appeals Board.

(e) Employment Development Department, including the California Unemployment Insurance Appeals Board, and the Employment Training Panel.

SEC. 8. Part 8.5 (commencing with Section 15550) is added to Division 3 of Title 2 of the Government Code, to read:

PART 8.5. LABOR AND WORKFORCE DEVELOPMENT
AGENCY

CHAPTER 1. GENERAL PROVISIONS

15550. As used in this part, “agency” and “secretary” refer to the Labor and Workforce Development Agency and the Secretary of Labor and Workforce Development, respectively, unless the context otherwise requires.

15551. The Labor and Workforce Development Agency in state government is under the supervision of an executive officer known as the Secretary of Labor and Workforce Development. The secretary shall be appointed by the Governor, subject to confirmation by the Senate, and shall hold office at the pleasure of the Governor.

15552. The Governor may appoint two deputies, subject to confirmation by the Senate, to assist the secretary. These officers shall serve at the pleasure of the secretary.

15553. Any entity within the Labor and Workforce Development Agency may share information for research, enforcement, or training with any other entity in the agency without a confidentiality agreement, except as the secretary may require.

CHAPTER 2. POWERS AND DUTIES

15554. The secretary has the power of general supervision over, and is directly responsible to the Governor for, the operations of each department, office, and unit within the agency. The secretary may issue those orders as the secretary deems appropriate to exercise any power or jurisdiction, or to assume or discharge any responsibility, or to carry out or effect any of the purposes vested by law in any department in the agency. However, except with respect to the Workforce Investment Board, nothing in this part authorizes the secretary to exercise any power or jurisdiction, or assume or discharge any responsibility related to the administration of the state Compensation Insurance Fund, or to investigation, adjudication, rulemaking, or legal representation that is vested by other provisions of law exclusively in any board, commission, council, or other appointive multimember body that

1 is organizationally located within the Labor and Workforce
2 Development Agency or within any of its departments.

3 15555. The secretary shall advise the Governor on, and assist
4 the Governor in, establishing major policy and program matters
5 affecting each department, office, or other unit within the agency,
6 and shall serve as the principal communication link for the
7 effective transmission of policy problems and decisions between
8 the Governor and each department, office, or other unit.

9 15556. The secretary shall exercise the authority vested in the
10 Governor in respect to the functions of each department, office, or
11 other unit within the agency, including the adjudication of
12 conflicts between or among the departments, offices, or other
13 units, and shall represent the Governor in coordinating the
14 activities of each department, office, or other unit within the
15 agency with those of other agencies, whether federal, state, or
16 local.

17 15557. The secretary shall be generally responsible for the
18 sound fiscal management of each department, office, or other unit
19 within the agency. The secretary shall review and approve the
20 proposed budget of each department, office, or other unit. The
21 secretary shall hold the head of each department, office, or other
22 unit responsible for management control over the administrative,
23 fiscal, and program performance of his or her department, office,
24 or other unit. The secretary shall review the operations and
25 evaluate the performance at appropriate intervals of each
26 department, office, or other unit, and shall seek continually to
27 improve the organizational structure, the operating policies, and
28 the management information systems of each department, office,
29 or other unit.

30 15558. Other duties of the secretary include, but are not
31 limited to, reviewing personnel management, acting as public
32 advisor and providing public information in connection with all
33 functions of the agency, overseeing the implementation of the
34 workforce investment system to ensure that it better responds to
35 the employment, training, and education needs of its customers,
36 and consolidating service points and One-Stop Taxpayer Service
37 Centers for employers and workers by adding services that are
38 within the agency's authority.

39 15559. The secretary shall develop and report to the Governor
40 on legislative, budgetary, and administrative programs to

1 accomplish comprehensive, long-range, coordinated planning and
2 policy formulation in the matters of public interest related to the
3 agency. To accomplish this end, the secretary may hold public
4 hearings, consult with and use the services and cooperation of
5 other state agencies, employ staff and consultants, and appoint
6 advisory and technical committees to assist in the work.

7 15560. For the purpose of administration, the secretary shall
8 organize the agency, subject to the approval of the Governor, in the
9 manner he or she deems necessary to segregate and conduct the
10 work of the agency. The secretary may require any department,
11 office, or unit to assist in enforcing any law within the jurisdiction
12 of the agency, except as provided in Section 15554.

13 15561. The secretary and any other officer or employee
14 within the agency designated in writing by the secretary shall have
15 the power of a head of a department pursuant to Article 2
16 (commencing with Section 11180) of Chapter 2 of Part 1.

17 15562. Whenever a power is granted to the secretary, the
18 power may be exercised by an officer or employee within the
19 agency as designated in writing by the secretary.

20 SEC. 9. Section 18.5 is added to the Labor Code, to read:

21 18.5. “Agency” means the Labor and Workforce
22 Development Agency.

23 SEC. 10. Section 19.5 is added to the Labor Code, to read:

24 19.5. “Secretary” means the Secretary of Labor and
25 Workforce Development.

26 SEC. 11. Section 50 of the Labor Code is amended to read:

27 50. There is in the Labor and Workforce Development
28 Agency the Department of Industrial Relations.

29 SEC. 12. Section 1141 of the Labor Code is amended to read:

30 1141. (a) There is hereby created in the Labor and Workforce
31 Development Agency the Agricultural Labor Relations Board,
32 which shall consist of five members.

33 (b) The members of the board shall be appointed by the
34 Governor with the advice and consent of the Senate. The term of
35 office of the members shall be five years, and the terms shall be
36 staggered at one-year intervals. Upon the initial appointment, one
37 member shall be appointed for a term ending January 1, 1977, one
38 member shall be appointed for a term ending January 1, 1978, one
39 member shall be appointed for a term ending January 1, 1979, one
40 member shall be appointed for a term ending January 1, 1980, and

1 one member shall be appointed for a term ending January 1, 1981.
2 Any individual appointed to fill a vacancy of any member shall be
3 appointed only for the unexpired term of the member to whose
4 term he or she is succeeding. The Governor shall designate one
5 member to serve as chairperson of the board. Any member of the
6 board may be removed by the Governor, upon notice and hearing,
7 for neglect of duty or malfeasance in office, but for no other cause.

8 SEC. 13. Section 301 of the Unemployment Insurance Code
9 is amended to read:

10 301. There is in the Labor and Workforce Development
11 Agency the Employment Development Department, which is
12 vested with the duties, purposes, responsibilities, and jurisdiction
13 heretofore exercised by the State Department of Benefit Payments
14 or the California Health and Human Services Agency with respect
15 to job creation activities. The Employment Development
16 Department shall be administered by an executive officer known
17 as the Director of Employment Development who is vested with
18 the duties, purposes, responsibilities, and jurisdiction heretofore
19 exercised by the Director of Benefit Payments with respect to the
20 following functions:

21 (a) Job creation activities.

22 (b) Making manual computations and making or denying
23 recomputations of the amount and duration of benefits.

24 (c) Determination of contribution rates and the administration
25 and collection of contributions, penalties and interest, including
26 but not limited to filing and releasing liens.

27 (d) Establishment, administration, and transfer of reserve
28 accounts.

29 (e) Making assessments and the administration of credits and
30 refunds.

31 (f) Approving elections for coverage or for financing
32 unemployment and disability insurance coverage.

33 SEC. 14. Notwithstanding Section 11552 of the Government
34 Code, as amended by Section 4 of this act, the person appointed
35 and serving as Director of Industrial Relations as of January 1,
36 2003, shall retain the annual salary prescribed by Section 11550 of
37 the Government Code, for the duration of his or her term of office.

38 SEC. 15. (a) *Funding for the Labor and Workforce*
39 *Development Agency shall be achieved through reallocation of*
40 *existing resources currently allocated to the various entities that*

- 1 *would form the agency, except that no funds may be provided by*
- 2 *the Agricultural Labor Relations Board.*
- 3 *(b) No new General Fund moneys may be appropriated to*
- 4 *implement this act.*

